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where shall the line be drawn? For one, I should prefer to see more of the concrete material introduced, both by way of setting the problems more sharply and of testing more objectively principles that are proposed.

J. H. TUFTS.

NEARING, S. *The human element in economics. Twelve lessons.* (New York: Rand School of Social Science. 1919. Pp. 67. \$3.50.)

ROBINSON, C. E. *New fallacies of Midas.* (London: Methuen. 1919. 6s.)

TOTOMAINZ, V. *Armenia economica.* (Rome: Formiggini. 1919. Pp. 86.)

Economic History and Geography

Foreign Financial Control in China. By T. W. OVERLACH. (New York: The Macmillan Company. 1919. Pp. xiii, 295. \$2.00.)

Within two weeks of the arrangement worked out by the Peace Conference disposing of the German interests in Shantung in dispute between Japan and China, an equally far-reaching agreement was reached in Paris on May 12 effecting a joint financing of China by the Great Powers. The possibilities of this United States proposal virtually to pool the development of this richest undeveloped quarter of the world bring to the front all the international rivalries in the Far East since 1894.

The participation of America in what is really a revival of the 1911 consortium on the broader foundation which our new international outlook has given us shows the need of a survey of the conditions existing today in the Far Eastern financial world. To understand the problem, Americans must know the extent of foreign interests in this field and the control exerted over China with its political implications. *Foreign Financial Control in China* is a discussion of such a background. The purpose avowed has been to "adopt a sympathetic view and attitude toward all the powers concerned, trying to do justice to each, instead of seeing things through the colored glasses of national ambitions"; at the outset, any intention "to offer a solution, to give suggestions, or to pass judgment is repudiated" (p. iii). What this brings us to, however, is another matter.

In a summary way, the book lays down the theory of the politico-financial activities which are today decisive in the Far East, sets the historical scene, and proceeds to survey the purposes of

Britain, Russia, France, Germany, Japan, and the United States from each national viewpoint, finally taking a cautious glimpse in passing at the vista of *haute finance* in the Extreme East. Great importance is attached to the terms employed (p. iv and following), the distinctions being vital to the purpose. "Sphere of interest" is properly applied to a regional economic priority without the power of political interference predicated by a "sphere of influence." Though the latter—suggesting "a certain degree of authority or control, either financial or political, exercised by a foreign power within a certain territory"—may not have been used officially regarding China, it would seem that the practical position Japan has achieved in South Manchuria and Eastern Inner Mongolia can only be termed a sphere of influence accordingly. The dividing line appears to be: "As long as control consists merely of a legitimate protection of the financier, subject to agreements of an exclusively financial nature" (p. vi), it is a sphere of interest only. The "open door" as a doctrine intended to preserve equality of opportunity economically does not, it is contended, directly oppose spheres of interest; but this is really the shadow-land of Far Eastern politics where the workout is the important thing. We believe in practice, as most observers will admit, the open door has been invoked to prevent spheres of interest developing to break down China's integrity. In an analysis of the essential features of foreign "control," we are told these clauses "denote certain financial safeguards for the protection of loan funds" in the interest of owners and bondholders. But this definition of Willard Straight's becomes the basis for a theory of Chinese finance to which he would not subscribe because he was above all practical and dealt in Far Eastern realities as a diplomat and a financier.

The attempt is made in *Foreign Financial Control in China* to demonstrate that these clauses conferring financial control do not carry with them *per se* political control. It is admitted they often "tend to evade, by practices which are difficult to trace definitely, the principle of equal opportunity"; yet it is at the same time maintained that "foreign control in China is nominally purely financial, and if political, it is an undue extension of financial control by means of a peculiar wording and an arbitrary interpretation of the control clauses embodied in the different railroad and loan agreements" (pp. x-xi). The position is assumed at the outset that no powers have "exercised and still exercise control upon

other premises than railroad or loan agreements"—leaseholds and extraterritoriality are excluded as factors because foreign control is only "exercised where no sovereign rights have been ceded." Many of us will confess an inability to follow this; there is too patent objection to such a line of reasoning. Would foreign control have been even "nominally purely financial"—taken the form it did—if political manipulation of the agreements had not been possible?

The significance of this speedily appears. Outlining the Chinese situation up to 1895, we are brought to Lord Salisbury's "battle of concessions" caused in China by "the immense development of the economic resources of Europe and the overproduction of capital" which "resulted in an unprecedented outflow of capital to all parts of the world." Thus "the private speculator and especially the great financial interests appear in China, and behind the latter is the whole diplomatic force of their respective countries; or the governments appear as the economic patrons of their subjects and promote or encourage financial enterprises in China" (p. 26). Surveying the activities of Great Britain, we find "that British control in China consists of nothing more than safeguards for the protection of bondholders and bankers, guaranteeing proper loan fund expenditure and adequate return. British control in China, exercised by private corporations, is therefore essentially financial and non-political" (ch. II).

Russian opportunism realising far-reaching schemes of empire next is shown in action in China. Prior to the Russo-Japanese War, Russian control in Manchuria had a political objective from the very financial terms in the instruments exploiting the region, while in backing the Belgian invasion of the Yangtsze sphere it was only indirectly political. Since 1905, however, Russia has fallen back on a control which "is—legally—non-political" although both in North Manchuria and Mongolia the effect has been political (ch. III).

The French penetration of Southwestern China adjacent to her Indo-Chinese possessions offers a parallel to the Russian advance in the north, though it was not so aggressive as the Slavic policy prior to the struggle with Japan. In Central China, French interests were "purely financial." France is properly regarded as "the great creditor of Russia, and served as such, together with Belgium, as the financial agent for Russian schemes in the Far East." France is "only surpassed by Germany and Japan" in the coördination between political and financial activities (ch. IV).

Germany is given the role of a watching Power, indifferent to whether China's attempts at renovation succeeded or failed and ready to turn to account any development. On analysis, the German concessions in Shantung are declared to make for "control also political" (ch. V)—something Japanese statesmen are strenuously denying in taking over the ex-German rights awarded them by the Peace Conference.

In the light of recent events, the crux of the discussion is reached in the application of the formula thus developed to Japanese and American activities.

The rise of Japan in Chinese politics is outlined, the well known story of the South Manchuria Railway Company as a vast development corporation under imperialistic direction being the leading case. Two points should be observed. The conclusions regarding the characteristic Japanese "control" are not given with the assurance which the formula inspires in dealing with Britain, France, Germany and Russia. The unquestioned political manipulation springing from rights other than those resting solely on financial stipulations is carefully evaded. This is confirmed by the excessively wary discussion of the politico-financial advance of Japan, the Great War—the 1915 Demands, the war diplomacy, and the Ishii-Lansing Agreement (ch. V). The effect of this will be seen subsequently.

The contrast which the policy of the United States offers to that followed by other Powers is brought out clearly: "the United States has herself never exercised any 'control' whatsoever." In support of this, our diplomatic attitude from the beginning of our relations with China is cited, supplemented by a cursory examination of America's three abortive railway projects (ch. VII). This is treated further in the ensuing discussion of the coöperative aspects of international control growing out of the Sextuple Group negotiations, our withdrawal from the Reorganization Loan as a result of the Wilson-Bryan diplomacy, and the movement which has become a new consortium for the international financing of China (ch. VIII).

I maintain, however, that the formula of *Foreign Financial Control in China* does not meet the Far Eastern situation arising out of the Great War. The overwhelming political character of recent events, financial and imperialistic, proves too complex. That doubtless explains why we find a shying off from Japanese activities in China between 1914 and 1918. Yet these years have

changed the whole financial situation in the Extreme East, a change born of the tremendous political shift. No consideration of the foreign financing of China can avoid the eighty or more secret treaties, agreements, or accords by which Japan expects to control China. Much of this financing is wholly political in its import, introducing new terms achieved by a sinister state finance without a parallel in international relations. But this network of war diplomacy after all is predominant in the Far East today: it is decisive in Japanese-American relations, effected the Shantung settlement, and will bulk large in the new consortium.

One may search in vain for the perspective which clears up the present tangle of dollar diplomacy, yen diplomacy, and the rest of it. *Foreign Financial Control in China* is an examination of selected cases in the financial policies of the Powers with a formula which does not throw light on the overwhelmingly political nature of the situation today; financial control is not the end, nor can it alone clarify the situation which we face. This subordination of the political aspects is significant; truth is, the discussion of recent diplomacy does not inspire confidence. That "Japan's control over her new spheres" at bottom "will be financial" we cannot accept. Observations extending from Canton to the Siberian frontier bring the conviction that the extension of Japanese control in China rests upon the three-sided imperialistic weapon of financial control, political interference, and military prestige. That the Ishii-Lansing Agreement of November 2, 1917 "has dispersed much doubt and suspicion about Japan's ulterior aims in China" (p. 191), we cannot accept. We did not see any such results in Peking when discussing the arrangement with Chinese and foreign officials. In Tokyo, we found that our Japanese friends were taking it in a way which was diametrically opposed to America's own interpretation; and it was being used to damage us in China.

Far Eastern realities are against Mr. Overlach's views, since 1914. No discussion can avoid the Manchurian complications arising from the Open Door Policy with the declaration that as only "well-founded facts" can be considered, "we cannot pay attention to alleged breaches of obligations (pp. 177-178); it is ingenuously added: "Besides, Japan has at several occasions acknowledged and bound herself to the principles in question." We agree that is the awkward side of the Far Eastern question; but it is the crux of the politico-financial situation in the Orient today. The issue is whether Japan has kept faith, not whether

she has given pledges. This heedlessness of recent politico-financial developments, as those of us who saw the fight on the ground in Peking know, is dangerous. This is germane to the subject, since *Foreign Financial Control in China* was to be a study of "recent and present-day finance and political activities in China" (p. iii). Popularly, this work will be taken as a discussion of present-day conditions; but its usefulness does not extend beyond the year 1914. Moreover, I am under the impression that few laymen catch the importance of the self-imposed limitations.

Foreign Financial Control in China suffers from its form. It seems that the extensive quotations running over several pages, from agreements, etc., should have been inserted in block paragraphs (the Anglo-German Agreement, pp. 36-37; the Russo-Chinese Agreement of 1896 re railways, pp. 103-106; the Open Door Policy, pp. 199-200; etc.). The phrase "to quote from the text" frequently appears; yet sometimes the matter following is put in quotations, and at other times it is not. This is inviting confusion, especially when the text is sometimes compressed. The Russo-Chinese agreement given *in extenso* (pp. 103-106) commences with quotations but at the end of sixteen paragraphs of enumerations there is no closing quotation mark, to say nothing of each of the paragraph's being introduced in the customary way. On the other hand, the Anglo-German Agreement of 1900 (pp. 147-148) conforms to the established usage. Take the Anglo-Chinese railway loan agreement of October 10, 1898; it is impossible to tell whether the clauses running from page 50 on are given verbatim or are condensed. While quotation marks are absent, omissions are indicated on several pages. This introduces confusion into the fabric of the whole work.

Many will turn to this book for statistical matter regarding the loans made or contemplated which might well have been included. A good map seems almost essential to any clear appreciation of the situation, but that too is absent.

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Industry and Trade. By AVARD LONGLEY BISHOP and ALBERT GALLOWAY KELLER. (Boston: Ginn and Company. 1918. Pp. vi, 426. \$1.32.)

Professors Bishop and Keller have attacked the high school problem in social science instruction, or, if the reader prefers, of